

## Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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TO SECSTATE WASHDC 4796  
INFO AMEMBASSY ATHENS  
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AMEMBASSY MOSCOW  
AMCONSUL MUNICH  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION USNATO

S E C R E T SECTION 1 OF 2 BELGRADE 714

EXDIS

BRUSSELS FOR USEEC

E. O. 11652: GDS  
TAGS: PGOV NATO MASS EEC US YO  
SUBJ: THE WEST'S RELATIONS WITH YUGOSLAVIA -- A POLICY  
FRAMEWORK (PART ONE)

BEGIN SUMMARY: AS WE PREPARE FOR THE TITO TRANSITION ERA,  
STRENGTHENING YUGOSLAVIA'S TIES WITH THE UNITED STATES IS  
OF OBVIOUS IMPORTANCE. BUT THERE IS A BROADER ASPECT, AS  
WELL: HOW TO GENERATE A COMMON WESTERN EFFORT AIMED  
AT STRENGTHENING OUR OWN EFFORTS TO:

-- OFFSET THE PRESENCE AND INHIBIT THE PRESSURE OF THE  
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SOVIET UNION, AND IN SO DOING MAKE LESS LIKELY ANY  
YUGOSLAV MOVE, WHETHER UNDER PRESSURE OR PERCEIVED  
NECESSITY, TOWARD CLOSER TIES WITH THE SOVIETS.

-- DISCOURAGE NATIONALISM AND SEPARATISM, THE  
GREATEST FORCE FOR INSTABILITY IN POST-TITO  
YUGOSLAVIA.

-- MOVE YUGOSLAVIA FURTHER DOWN THE ROAD FROM  
ITS LENINIST PAST TO A MORE "LIBERAL" FUTURE.

THAT A COORDINATED WESTERN APPROACH CAN MORE REASONABLY  
BE EXPECTED TO ACCOMPLISH THE ABOVE IS OBVIOUS. YET,  
BECAUSE EACH OF US THINKS ABOUT, AND DEALS WITH  
YUGOSLAVIA LARGELY IN BILATERAL TERMS, WE UNDERESTIMATE  
OUR INFLUENCE AND MISS OPPORTUNITIES FOR BOTH JOINT AND  
INDIVIDUAL STEPS. IN SUM, THE WEST HAS NO COMMON POLICY  
FRAMEWORK FOR THE POLITICALLY CRITICAL PERIOD AHEAD. THIS  
CABLE SUGGESTS SOME ELEMENTS OF SUCH A FRAMEWORK, AND  
DESCRIBES THE PROBLEMS WE BELIEVE IT BEHOOVES THE WEST TO BEGIN  
TO ADDRESS NOW, WHILE WE STILL HAVE TIME. A SUBSEQUENT CABLE  
WILL SET FORTH A SUGGESTED ACTION AGENDA. END SUMMARY.

1. THE US-SOVIET EQUATION IN YUGOSLAVIA IS STARKLY UNEQUAL.  
ECONOMICALLY, THE SOVIET UNION IS YUGOSLAVIA'S LARGEST  
TRADING PARTNER, WITH A SHARE OF TOTAL TRADE MORE THAN THREE  
TIMES GREATER THAN THE UNITED STATES' 5 PERCENT. MILITARILY,  
MOSCOW PROVIDES YUGOSLAVIA WITH MOST OF ITS TANKS, AIRCRAFT,  
ROCKETS AND OTHER SOPHISTICATED EQUIPMENT, WHILE THE U.S.  
HAS SUPPLIED NOTHING MORE THAN SPARE PARTS AND SMALL ITEMS  
SINCE THE EARLY 1960'S. EVEN IF, AS WE ANTICIPATE, 1978  
SEES AN EXPANSION OF OUR MILITARY COOPERATION, SOVIET  
MILITARY SALES WILL BE 10 TO 20 TIMES GREATER THAN OUR OWN,  
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WHILE THE SOVIET NAVAL PRESENCE IN YUGOSLAV PORTS WILL REMAIN  
VERY SUBSTANTIALLY LARGER THAN OURS. POLITICALLY, MARXISM-  
LENINISM AND ENGAGEMENT IN NON-ALIGNMENT STILL LEADS  
YUGOSLAVIA TO ALIGN ITSELF WITH THE USSR ON FAR MORE FOREIGN  
POLICY AND IDEOLOGICAL ISSUES THAN IS TRUE FOR THE WEST.  
AND THE SOVIET UNION'S GEOGRAPHIC PROXIMITY MAKES IT A MUCH  
GREATER MILITARY THREAT, AND THUS A COUNTRY WITH WHICH  
YUGOSLAVIA HAS TO RECKON FAR MORE THAN THE UNITED STATES.

2. WHILE THERE ARE SOME THINGS THE UNITED STATES CAN  
DO TO STRENGTHEN ITS PRESENCE, WE CANNOT  
"RIGHT THE BALANCE" BY OURSELVES. BUT THE WEST, TAKEN AS A  
WHOLE, CAN GO A LONG WAY TOWARD DOING SO: THE EUROPEAN  
COMMUNITY'S 34 PERCENT OF YUGOSLAVIA'S TRADE IS DOUBLE THAT  
OF THE SOVIET UNION. AND THE WEST, AS A WHOLE, HAD 49 PERCENT  
OF YUGOSLAVIA'S TRADE VS. 32 PERCENT FOR ALL COMMUNIST  
COUNTRIES. MILITARILY, GREAT BRITAIN IS THE ONLY COUNTRY  
WHICH HAS SUPPLIED YUGOSLAVIA WITH WEAPONS WITHOUT A BREAK  
SINCE THE SECOND WORLD WAR, WHILE FRANCE, SWEDEN AND OTHER  
ARE ALSO SUPPLIERS. THE GOY LOOKS PRIMARILY TO THE WEST FOR  
HELP IN CONTROLLING SEPARATISM -- FOR IT IS IN THE WEST  
WHERE MOST OF THE TERRORIST-INCLINED EMIGRES ARE BASED. FINALLY,

THERE IS A STRONG CULTURAL AND POLITICAL ATTRACTION HERE TO EUROPE'S MODERN MAINSTREAM, E.G. THE YUGOSLAV COMMUNIST PARTY (LCY) HAS EXTENSIVE RELATIONS NOT ONLY WITH THE EUROCOMMUNISTS BUT ALSO WITH WESTERN EUROPEAN SOCIAL DEMOCRATS.

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ACTION SS-25

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3. THE WEST'S POTENTIAL MAKES IT POSSIBLE FOR US TO SET OURSELVES MAJOR OBJECTIVES. BUT IT ALSO DEFINES THE DISTANCE WE HAVE TO TRAVEL TO ACHIEVE THEM.

-- FIRST, YUGOSLAVIA SHOULD HAVE AN ALTERNATIVE TO BECOMING SO DEPENDENT ON THE USSR THAT IN A "POST-TITO" PERIOD OF RELATIVE INSTABILITY, VULNERABILITY AND INSECURITY, THE GOVERNMENT MIGHT DECIDE OR FEEL COMPELLED TO MOVE CLOSER TO MOSCOW AND THE WARSAW PACT. WHAT THE YUGOSLAVS NEED IS AN "ANCHOR TO WINDWARD" WHICH THEY FEEL THEY CAN RELY UPON TO RESIST THE PULL OF THE EAST. THE WEST CAN PROVIDE

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THAT ANCHOR. HIGH-LEVEL POLITICAL VISITS, STATE-MENTS AND OTHER INDICATIONS OF WESTERN INTEREST IN YUGOSLAVIA'S INDEPENDENCE ARE CRUCIAL. BUT THEY WILL BE OF LITTLE REAL SUBSTANCE UNLESS A FAR STRONGER FABRIC OF ACROSS-THE-BOARD ECONOMIC, POLITICAL, MILITARY AND CULTURAL FORMS OF COOPERATION IS DEVELOPED BETWEEN YUGOSLAVIA AND THE WEST. WE AND OTHER WESTERN COUNTRIES HAVE BEEN INUNDATED IN RECENT MONTHS WITH STATEMENTS BY SENIOR OFFICIALS THAT THEY ARE BEING FORCED TO BECOME DANGEROUSLY DEPENDENT ON THE SOVIETS ECONOMICALLY BECAUSE OF WESTERN INDIFFERENCE AND TRADE RESTRICTIONS. ADMITTEDLY, THIS IS A SUBSTANTIAL OVERSTATEMENT DESIGNED IN PART TO PLAY UPON WHAT YUGOSLAVS KNOW TO BE A SENSITIVE NERVE. BUT THE FACT REMAINS THAT YUGOSLAVIA HAS ENORMOUS TRADE IMBALANCES WITH MOST OF HER WESTERN TRADING PARTNERS AND THE SOVIET'S SHARE OF YUGOSLAVIA'S TRADE IS LIKELY TO RISE SHARPLY THIS YEAR. IN THE MILITARY FIELD, ALTHOUGH IT IS NOT OUR GOAL TO MATCH SOVIET ARMS SALES HERE, THE WEST'S - AND PARTICULARLY U.S.'S -- RATHER MODEST EFFORTS TO DATE SURELY ARE READ BY YUGOSLAVIA AS A POLITICAL MESSAGE: THEY UNDOUBTEDLY ASSUME WE ARE FAR BETTER COORDINATED THAN IS THE CASE, AND THAT NATO HAS TAKEN A DECISION NOT TO SELL REASONABLY MODERN ITEMS AT A REASONABLE PRICE. IN SHORT, THE WEST SHOULD RECOGNIZE THAT OUR COMMON HESITATION ON ARMS SALES MUST RAISE IN MANY MINDS DOUBTS WHICH CAN HAVE AN IMPACT BOTH ON THE YUGOSLAV WILL AND CAPACITY TO RESIST, AND ON SOVIET READINGS OF OUR READINESS TO HELP THEM DO SO.

-- SECOND, MOST ANALYSTS AGREE THAT THE GREATEST DANGER  
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TO POST-TITO YUGOSLAVIA LIES IN NATIONALIST AND SEPARATIST INSPIRED INSTABILITY. THIS IS FAR MORE AN INDIGENOUS THAN FOREIGN PROBLEM, BUT EMIGRE SUPPORT FOR SEPARATISM AND ORGANIZED ACTS OF TERRORISM ARE LIKELY TO GROW POST-TITO AND COULD PLAY A CRITICAL ROLE. (SOVIET INSPIRED SEPARATIST ACTIVITIES MAY ALSO BE A FACTOR. BUT THEY WILL BE DIRECTED AND DELIBERATE ACTS OF GOVERNMENT POLICY, NOT, AS IN THE WEST, SUI GENERIS). MANY WESTERN

COUNTRIES HAVE A YUGOSLAV EMIGRE TERRORIST PROBLEM AND OUR OVERALL RECORD IN ADDRESSING THAT PROBLEM IS POOR. AS IN THE MILITARY FIELD, THIS RELATIVE INACTION ON TERRORISM IS READ HERE BOTH IN THE GOVERNMENT AND BY PEOPLE WITH SEPARATIST PROCLIVITIES AS AN INDICATION OF A LARGER WESTERN INTENTION. AN EFFECTIVE WESTERN POLICY WILL REQUIRE A GREATER UNDERSTANDING OF THE SIGNIFICANCE OF INACTION ON OUR PART, AND RECOGNITION OF THE NEED FOR A COMMON SEARCH FOR SOLUTIONS TO A POTENTIALLY SERIOUSLY DESTABILIZING INFLUENCE.

-- THIRD, IF YUGOSLAVIA IS TO BE STABLE OVER THE LONGER-TERM, WE BELIEVE ITS COURSE MUST BE A CONTINUATION OF THE LIBERALIZING TREND THAT HAS, WITH UPS-AND-DOWNS, MARKED ITS HISTORY OVER THE COURSE OF THE PAST 30 YEARS. THIS IS NOT TO IMPLY THAT IT IS INEVITABLE, OR EVEN NECESSARILY DESIREABLE, THAT YUGOSLAVIA BECOME A MULTI-PARTY DEMOCRACY. RATHER, THE ALREADY VISIBLE, ALBEIT ERRATIC, PROCESS OF LOOSENING OF GOVERNMENTAL CONTROLS SHOULD CONTINUE, WITH WHATEVER MEANINGFUL ENCOURAGEMENT THE WEST CAN GIVE IT. OUR STRONGEST CARD IS TO HELP FURTHER THIS SOCIETY'S ALREADY PERCEPTIBLE AND GRADUAL EMERSION INTO THE CULTURE, ETHOS AND POLITICAL PHILOSOPHY OF WESTERN EUROPE AND THE WEST AS A WHOLE.

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4. CONCLUSION. OUR ASSESSMENT OF THE WEST'S OVERALL RELATIONS WITH YUGOSLAVIA REVEALS SERIOUS CURRENT WEAKNESSES, DIFFICULT BARRIERS TO OVERCOME BUT CONSIDERABLE UNTAPPED POTENTIAL. MOVES THAT MAY HELP US REALIZE THAT POTENTIAL WILL BE THE SUBJECT OF A SUBSEQUENT CABLE.

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